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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

Quarterly Report Under Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the Quarter ended:
January 31, 1992

Commission File number:
~~33-40804~~ 0-11585

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MODERN RECORDS, INC.

(Exact name of Registrant as specified in its charter)

California	95-3404374
(State of Incorporation)	(I.R.S Employer Identification No.)

9111 Sunset Boulevard
Los Angeles, California 90069
(Address of principal executive offices)

Telephone Number: (213) 273-8111

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Indicate by check mark whether the Registrant (1) has filed all repo
filed by Section 13 or 15(d) of the Securities Exchange Act of 1934
12 months (or for such shorter period that Registrant was required to file such reports),
and (2) has been subject to the filing requirements for at last the past 90 days.

Yes____ No__X__

Registrant has been subject to filing requirements since September 11, 1991.

As of March 30, 1992 12,115,950 shares of the Registrant's Common Stock were issued and outstanding.

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MODERN RECORDS, INC.

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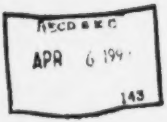

Part I. Financial Information

Statement of Operations and Accumulated Deficit

Balance sheet

Statement of Changes in Financial Position

Notes to the Financial Statements

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Part II. Other Information

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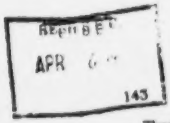
Part I

MODERN RECORDS, INC.
Statement of Operations and Accumulated Deficit
(Expressed in U.S. dollars)



(Unaudited)

	Three Months Endec January 31	
	1992	1991
Revenue		
Modern/Atlar.tic agreement (Note 5)	97,311	37,164
Royalty Income	21	0
Gain on disposal of asset	3,700	0
	101,032	37,164
Expenses		
Accounting and legal	23,817	5,405
Automobile	3,390	692
Consulting fees	7,470	5,049
Depreciation	454	262
Insurance	4,509	1,781
Interest	202	5,545
Office	6,084	1,546
Production costs (Note 8)	49,699	12,238
Rent-equipment	858	845
Rent-premises	9,526	7,623
Repairs and maintenance	575	1,345
Salaries and employee benefits	95,858	28,168
Telephone	6,337	5,595
Travel and entertainment	14,190	7,744
Security registration costs	1,545	0
Investor relations	9,191	0
	233,705	83,838
Loss Before Income Taxes	-132,673	-46,674
Income Taxes (Note 2)	0	0
Net Loss	-132,673	-46,674
Accumulated Deficit At Beginning Of Period as restated (Note 7)	-726,084	-287,743
Accumulated Deficit At End Of Period	-858,757	334,417

MODERN RECORDS, INC.
Balance Sheets
(Expressed in U.S. dollars)
Unaudited

Assets	January 31 1992	October 31 1991
Current Assets		
Cash	-11,886	15,393
Accounts receivable-non-trade (Note 3)	55,319	55,319
Receivable from Atlantic Recording Corporation (Note 5,7)	295,291	163,958
Receivable from shareholder (Note 4)	79,224	51,603
Prepaid expenses	4,810	3,320
Total Current Assets	422,758	289,593
Furniture And Equipment (Note 2)	34,001	34,001
Less accumulated depreciation	26,593	26,139
	7,408	7,862
	430,166	297,455
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	281,512	178,668
Total Current Liabilities	281,512	178,668
Share subscriptions (Note 6)	162,540	0
Shareholders' Equity		
Captial stock (Note 6)		
Authorized: 20,000,000 common shares without par value		
Issued: 11,643,450 shares	844,871	844,871
Accumulated deficit (Note 7)	-858,757	-726,084
	-13,886	118,787
Commitments (Note 9)		
	430,166	297,455

MODERN RECORDS, INC.
Statement of Cash Flows
(Expressed in U.S. dollars)

(Unaudited)

	Three Months Ended January 31	
	1992	1991
Cash Flow From Operating Activities:		
Net Loss	-132,673	-46,674
Adjustments to reconcile net		
Cash Flow From Operating Activities		
Depreciation	454	262
Changes In Operating Assets And Liabilities		
Increase in accounts receivable	-131,333	-900
Increase in prepaid expenses	-1,490	-3,001
Decrease (increase) in receivable from shareholder	-27,621	8,378
(Decrease) increase in accounts payable and accrued liabilities	102,844	5,896
Increase in payable to shareholder	0	67,127
Increase in accrued interest payable	0	5,545
Increase (decrease) in deferred revenue	0	-27,115
Net Cash Provided By Operating Activities	-189,819	9,518
Cash Flow From Investing Activities		
Purchase of furniture and fixtures		
Cash used for deferred project costs	0	-2,300
Cash used for deferred business development	0	-1,554
	0	
Net Cash Used By Investing Activities	0	-3,854
Cash Flow From Financing Activities		
Proceeds from share subscriptions	162,540	
Increase (decrease) in Cash	-27,279	5,664
Cash At Beginning Of Period	15,393	4,014
Cash At End Of Period	-11,886	9,678

MODERN RECORDS, INC.
Notes to Financial Statements
(Expressed in U.S. dollars)
January 31, 1992

Note 1: General

The Company is incorporated under the laws of the State of California, U.S.A. and its principal business activities are the production and distribution of audio recordings.

Note 2: Summary of Significant Accounting Policies

a) Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is provided on a straight-line basis over five years.

b) Income Taxes

In accounting for income taxes, the Company follows the tax allocation method. Deferred income taxes are provided on timing differences which result primarily from using the cash basis of accounting when filing its income tax returns.

c) Foreign Currency Transactions

Monetary assets and liabilities of the Company in foreign currencies are recorded at the year end rate of exchange. Income statement items are recorded at average exchange rates.

d) Deferred Revenue

The Company records all advances against participation received from Atlantic Recording Corporation as deferred revenue until earned. The deferred revenue is earned as revenues are received under the Modern/Atlantic Agreement.

Note 3: Related Party Transaction

Included in accounts receivable is an amount of $53,237 ($63,237 in 1990) owing from a company 25% owned by the President of Modern Records, Inc. Accounts receivable are expressed net of allowance for doubtful accounts of $8,884 ($6,260 in 1990).

Note 4: Receivable From Shareholder

The receivable from shareholder is non-interest-bearing and has no fixed terms of repayment.

MODERN RECORDS, INC.
Notes to Financial Statements
(Expressed in U.S. dollars)
January 31, 1992

Note 5: Modern/Atlantic Agreement

On July 1, 1979, the Company negotiated an arrangement with Atlantic Recording Corporation ("Atlantic"). This original agreement has been subject to several amendments and addenda. The agreement applies specifically to the Company's exclusive recording agreement with Ms. Stephanie Nicks and also provides Atlantic with a first right of refusal regarding any distribution agreement for other artists signed to exclusive recording agreements by the Company.

Under the agreement, Atlantic is responsible for all of the administration associated with the production, manufacture, distribution, financing and record keeping associated with the production and release of the recordings undertaken by the parties. The Company provides input regarding managerial decisions, strategy regarding recording material, timing of releases, and promotion. The Company also acts as liaison between Atlantic and the artists.

The Company is to share in the net profits (after Atlantic has recouped its expenses described above) realized from the release of recordings by Ms. Nicks in proportions ranging from 30% to 50%. In the case of all other artists signed with Atlantic, the Company's share of net profits or losses is 50%.

Under the present agreement with Ms. Nicks, the Company is to deliver to Atlantic a minimum of two additional studio albums. The agreement with respect to Ms. Nicks terminates after the albums which have been committed are delivered and a "sell-off" period has expired.

Rights to and ownership of all master recordings have been pledged during the period of the agreement. Rights to and ownership of all master recordings revert to the Company on the expiration of the terms of the agreement.

Note 6: Subsequent Events

Subsequent to the end of the quarter, the Company completed a private placement resulting in a total of 472,500 units being issued for a total cash consideration of approximately $162,540 ($189,900 Cdn.). Each unit includes one warrant year to purchase an additional share at a price of $.40 Cdn. in the first year and $.50 Cdn. in the second year.

Note 7: Change In Reserve For Returns

After the year end financial statements were completed Atlantic Records decided to increase the reserve for return percentage for the Stevie Nicks "Timespace" record. This was a retroactive change which decreased the revenue and receivable due from Atlantic to Modern at October 31, 1991. It also increased the accumulated deficit at October 31, 1991. The amount of the change was approximately $78,479. Should the actual returns be less that the reserve amount Modern will incur revenue at that time.

MODERN RECORDS, INC.
Notes to Financial Statements
(Expressed in U.S. dollars)
January 31, 1992

Note 8: Production Costs

Pursuant to Financial Accounting Standards Board 50, production costs for "non-established artists" must be expensed, not capitalized. These production costs relate to Vaughan Penn and Moment of Silence. When these projects are completed these costs will be reimbursed by the distributor and at that time these amounts will be shown as revenue.

Note 9: Commitments

At year end, the Company has commitments under capital leases for premises and certain office equipment as follows:

1992	-	$21,868
1993	-	8,052
1994	-	1,428
1995	-	476

Management's Discussion and Analysis of Results of Operations and Financial Condition

Three Months Ended January 31, 1992

Revenue for the first quarter of fiscal 1992 was $101,032 coming almost entirely from the Atlantic agreement. This represents an increase over last year of $60,147 due to the fact that Modern had the Stevie Nicks "Timespace" album for sale in the first quarter while no albums were for sale during the 1st quarter of 1991. Modern had sold a company car during the period and netted a $3,700 profit.

Accounting and legal expenses increased by $18,412 due to increased activity during the quarter relating to the annual audit and a private placement.

During the first quarter of fiscal 1992 Modern was working on four projects (Rick Vito, Vaughan Penn, Moment of Silence and Boy On A Dolphin). This increased activity translated into higher expenses for the quarter. The following accounts have all increased form the comparable 1991 period as a result of the heavy load of projects: Auto by $2,698, Consulting by $2,421, Insurance by $2,728, Office by $4,538, Telephone by $742 and Travel and Entertainment by $6,446. Interest expenses decreased by $5,343 due to the Atlantic loan being paid back prior to the first quarter of 1992. Production costs increased by $37,461 due to the four projects mentioned above. These costs will be reimbursed by the distributor and at that time will be taken into income. Rent-premises increased by $1,903 due to the opening of new offices in Vancouver. Salaries and employee benefits increased by $67,690 due to the increase in the number of Modern employees. Security registration costs and Investor relations increased by $1,545 and $9,191 respectively due to the company is now publicly traded.

Liquidity and Capital Resources

The Company relies upon the revenues generated by new album releases for virtually all of its revenue. The Company earned $456,786 through December 20, 1991 from the Stevie Nicks "Timespace" album. This revenue was netted against a negative capital account of $161,495 which gave cash owing to Modern of $295,291. The negative capital account related to projects dating back to 1985 that were cross-collaterlized with Stevie Nicks. These are the last projects that were cross-collaterlized.

At the present time cash reserves are at very low levels. The Company will most likely require some additional financing until the proceeds from Modern's record sales come in. However, there can be no assurances that these new artists will have commercially successful albums.

Part II

MODERN RECORDS, INC.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings - None

Item 2. Changes in Securities - None

Item 3. Defaults Upon Senior Securities - None

Item 4. Submission of Matters to a Vote of Security Holders - None

Item 5. Other Information - None

Item 6. Exhibits and Reports on Form 8-K

a.) None

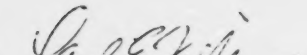
b.) Registrant did not file any reports on Form 8-K

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Modern Records, Inc.

Date: March 30, 1992

by: 

Paul E. Fishkin
President
(On behalf of the Registrant and as its Principal Financial Officer)